

Message Text

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FM AMEMBASSY PRAGUE
TO SECSTATE WASHDC 1449
INFO AMEMBASSY BRUSSELS

C O N F I D E N T I A L PRAGUE 3248

E.O. 11652: GDS
TAGS: EFIN, CZ
SUBJECT: TRIPARTITE GOLD COMMISSION PREPARATIONS FOR
CZECHOSLOVAK GOLD DELIVERY

REFS A. BRUSSELS 10660, B. PRAGUE 0981 C. MONTGOMERY-
PHILLIPS LETTERS DTD AUG 23 AND MAY 12, 1976

1. EMBASSY WELCOMES REF (A) AS INDICATION THAT TGC IS WORKING
DISCREETLY TO PREPARE FOR EXPEDITIOUS DELIVERY OF CZECHOSLOVAK
GOLD ONCE POLITICAL OBSTACLES ARE REMOVED. AS STATED IN EMBASSY'S
PREVIOUS CORRESPONDENCE WITH U.S. COMMISSIONER (REF B AND C), WE ARE
EAGER TO HAVE POSSIBLE PROBLEMS RELATED TO GOLD RETURN IDENTIFIED
AND DEALT WITH IN ADVANCE TO GREATEST DEGREE POSSIBLE.

2. NEVERTHELESS, EMBASSY SEES AT LEAST THREE OBJECTIONS TO
DEPUTY BRITISH COMMISSIONER'S "PERSONAL THOUGHT" (PARA 3, REF A)
THAT TGC COMPLETE ADJUDICATION NOW AND DELIVER IT TO CZECHOSLOVAKS
IMMEDIATELY TO GIVE GOC TIME TO REACT TO ITS SUBSTANCE. FIRST,
SUCH A MOVE AT THIS STAGE COULD CAUSE CZECHOSLOVAKS TO THINK
THAT AGREEMENT TO GOLD-CLAIMS ISSUE ITSELF IS IMMINENT AND STIFFEN
THEIR RESOLVE NOT TO NEGOTIATE A SETTLEMENT MORE FAVORABLE TO
U.S. INTERESTS THAN AGREEMENT INITIALLED IN 1974, WHICH U.S.
CONGRESS HAS SAID MUST BE RE-EXAMINED. SECOND,
SUCH A MOVE MIGHT ALARM MEMBERS OF CONGRESS AND LEAD THEM TO
DOUBT EXECUTIVE BRANCH'S INTENTENT TO RENEGOTIATE 1974
AGREEMENT, WHICH SECTION 408 OF TRADE ACT REQUIRES US TO DO.

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THIRD, ADVANCE NOTIFICATION OF THE ADJUDICATION WOULD GIVE GOC

OPPORTUNITY TO REOPEN AN ISSUE WHICH TGC HAS ALREADY SETTLED AMONG ITS MEMBERS. IF CZECHOSLOVAKS ARE FORMALLY APPRISED OF THE ADJUDICATION JUST PRIOR TO ACTUAL DELIVERY OF GOLD, THEY WOULD BE UNDER CONSIDERABLE PRESSURE TO ACCEPT TERMS OF ADJUDICATION IN ORDER TO TAKE DELIVERY PROMPTLY. (FYI: WE ARE NOT SO SURE GOC IS ACTUALLY UNAWARE OF PRECISE TERMS OF TGC ADJUDICATION. RETURN OF GOLD HAS BEEN CRUCIAL ISSUE FOR CZECHOSLOVAKS FOR A GENERATION, AND GOC INTELLIGENCE EFFORTS SURELY HAVE BEEN DIRECTED TOWARD ASCERTAINING THOSE DETAILS. MOREOVER, GOC OFFICIALS REFER OFTEN TO GOLD-CLAIMS, BUT PRESENT EMBASSY OFFICERS RECALL NO INSTANCE OF THEIR SUGGESTING THAT THE ADJUDICATION ITSELF IS SOURCE OF CONCERN TO THEM. END FYI).

3. PARA 2 OBJECTIONS APPLY PRIMARILY TO INFORMING GOC OF ADJUDICATION IN ADVANCE OF ACTUAL SETTLEMENT. OBVIOUSLY, DEPARTMENT IS BETTER QUALIFIED THAN EMBASSY TO ASSESS WISDOM OF U.S. SIGNING ADJUDICATION IN ADVANCE WITHOUT INFORMING GOC OF ITS TEXT. THIS WOULD CLEAR UP ONE MORE ITEM WHICH MIGHT DELAY ACTUAL GOLD DELIVERY LATER ON, BUT IT COULD ALSO TROUBLE MEMBERS OF CONGRESS AND CAUSE OTHER PROBLEMS WE HERE ARE NOT ABLE TO PREDICT.

4. WHILE WE ACKNOWLEDGE THAT THIS EMBASSY IS NOT REPOSITORY OF DETAILED EXPERTISE ON TGC ARCANA, WE HOPE THAT ABOVE COMMENTS WILL BE TAKEN INTO CONSIDERATION. MEANWHILE, WE HOPE THAT TGC WILL CONTINUE TO PREPARE FOR EVENTUAL GOLD DELIVERY TO EXTENT POSSIBLE AND THAT WE WILL BE KEPT INFORMED OF DEVELOPMENTS.

BYRNE

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